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THE CORPORATE INVASION OF IRAQ

Profile of U.S. Corporations Awarded Contracts in U.S./British-Occupied Iraq

Prepared by
U.S. Labor Against the War (USLAW)
for the workers of Iraq and
the International Labor Movement

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Acknowledgement: Original research for this report provided by Washington, D.C. Labor Committee for Peace & Justice Edited for U.S. Labor Against the War by **SolidarityInfoServices**, Berkeley, CA, a project of Organize Training Center in Pacifica, CA, funded in part with a grant from the Vanguard Public Foundation. Sources: All information presented in this report was obtained from published U.S. and international news sources, government documents and other public and proprietary information sources.

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Rev. 1.3—6/11/03

Executive Summary

The United States and Great Britain are now occupying powers as a consequence of an unprovoked military invasion of Iraq. The war was conducted in violation of established international law, treaties and the U.N. charter, and has been condemned by an overwhelming majority of the international community. Each justification, excuse and rationale offered for this immoral war has proven groundless and unsupportable.

The most urgent priority now is to meet the humanitarian needs of the Iraqi people, to establish security and basic public services, and to quickly organize an interim governing authority that fairly represents all elements of Iraqi society. This will put the nation on the road to popular governance, and should lead to the *speedy withdrawal of all foreign military forces from Iraq.*

A strong, independent, free and democratic labor movement and respect for workers and human rights must be an essential pillar of a new democratic Iraq. Prior to its suppression by the Hussein regime, Iraq enjoyed a robust and broadly representative labor movement. Its legacy provides the seedbed for reestablishing an independent labor movement with internationally recognized workers' rights to organize, bargain and strike. However, the occupying powers have invited into Iraq private corporations with an established record of labor, environmental and human rights violations. These corporations were chosen by the Bush administration, which itself is considered by many as the most anti-worker, union-hostile administration in modern U.S. history. This does not bode well for respect of workers rights in Iraq.

This report profiles eighteen of the most prominent U.S. corporations to which the Bush administration has given large, highly profitable contracts to operate in Iraq. A careful reading of the history of these companies shows that, for the most part, they do not bring with them a commitment to respect the rights of Iraqi workers. They come in pursuit of profit and a desire to control and exploit Iraq's natural resources, labor and markets.

Half or more are privately owned and therefore not required to account to public shareholders, nor to file even the minimal financial reports required of publicly traded corporations. The majority is firms whose workers have no unions; several have well-established records of hostility toward unions and workers who seek to organize them. Some of the largest contracts issued by the Bush administration for work in Iraq have been issued without competitive bidding to firms with inside connections to the administration. Many have past and present associations with the Bush administration through business or political relationships or elected and appointed government positions that give them privileged access in their dealings with the government.

The record recounted in the pages of this report is marked by cost overruns, accounting irregularities, financial dereliction, fraud, bankruptcy, overcharging, price-gouging, profiteering, wage-cheating, deception, corruption, health and safety violations, worker and community exploitation, human and labor rights abuses (including use of forced labor), union-busting, strike-breaking, environmental contamination, ecological irresponsibility, malpractice, criminal prosecutions, civil law suits, privatization of public resources, collusion with dictators, trading with regimes in violation of international sanctions, drug-running, prostitution, excessive executive compensation, and breach of fiduciary duty to shareholders and the public.

If photos of corporate criminals were hung on post office walls, many of the firms identified in this report would find their profile prominently displayed there. U.S. Labor Against the War, a national network of unions opposed to the war in Iraq, publishes this report as an act of solidarity with and support for the workers and labor movement of Iraq. We hope it will expose to public scrutiny the records of these corporate lawbreakers. We also hope that it will be used by the international labor movement as part of a broad effort to support the rights of Iraqi workers. We stand ready to provide Iraq's emerging labor movement with additional details as they become available to us. This report, therefore, should be considered a work-in-progress.

Introduction

NEEDED:
A Global Campaign to Win Internationally Recognized Labor Rights for the Workers of Iraq!

In the wake of the unlawful and immoral U.S.-led invasion and occupation of Iraq, the U.S. government is now awarding billions of dollars in contracts to U.S. corporations—including some with corrupt, scandal-ridden, anti-labor histories and close ties to the Bush administration—for the "reconstruction" of that country. These companies obviously intend to profit handsomely from the devastation of Iraq while privatizing and putting under foreign control as much of Iraq's industry, services and wealth as they can get their hands on.

In this situation, nothing could be more important to the welfare of Iraqi workers and their families than having the right to organize, bargain collectively and, if necessary, strike to defend themselves and advance their interests against these corporations. This applies not only to fighting for decent wages and working conditions but also for making sure that the Iraqi people, not foreign corporations, control the resources and economic future of their country.

Although the Bush regime now claims the war on Iraq was fought to bring democracy to that country (having found no weapons of mass destruction), we can be sure that its definition of "democracy" does not include workers' rights and strong independent unions. Bush and his cohorts have waged a relentless assault against organized labor and working families in the U.S. We would expect nothing different in their treatment of unions and workers in Iraq. Similarly, consistent with their anti-labor records in the U.S., we that expect some U.S. corporations now operating in Iraq are likely to violate the labor rights of Iraqi workers. Evidence of that has already surfaced in the city of Basra in the decision of a Kuwaiti firm operating as a sub-contractor for Kellogg, Brown & Root to use Asian rather than Iraqi workers to perform repair and reconstruction work there. Evidence of the resurgent labor movement also surfaced in the demonstrative response this decision received by Iraqi workers. The workers' movement there has deep roots.

> "Ensuring respect for workers' rights including freedom of association must be central to building a democratic Iraq and to ensuring sustainable economic and social development. Democracy must have roots. It requires free elections, but also mass based, democratic trade unions that help secure it and protect it as well as being schools of democracy. Free trade unions, an irreplaceable pillar of civil society, also bring together people of different backgrounds to promote and defend their interests at work, an essential feature of democratic stability. The UN's International Labour Organisation (ILO) must play a central role in supporting economic reconstruction, in generating decent employment and in supporting the development of tripartite processes and social dialogue...."
>
> ICFTU, May 30, 2003

There is a legacy of labor activism in Iraq upon which can be built a modern labor movement if given the chance. The first organized strike was in 1927 by railway workers, who two years later organized the first trade union. The post-World War II era witnessed a major upsurge in labor organizing, and labor played an important role in overthrowing the monarchy in 1958. By 1959 there were a quarter-million Iraqi workers organized into a vibrant and pluralistic labor movement that continued until Saddam Hussein seized power in 1979. As Hussein consolidated his power, he clamped down on labor rights. According to an International Confederation of Free Trade Unions (ICFTU) report on Iraq, a 1987 law outlawed independent trade unions in favor of a government-controlled federation, prohibited unions in the public sector and in state-owned enterprises, and made almost all strikes illegal.

Still, the various governments of Iraq have ratified fifty-seven ILO conventions over the years including the critical Convention 98 establishing the right to organize and bargain collectively. These ILO conventions have the force of law once ratified. Already there are stirrings among the workers of Iraq — protests to demand unpaid wages, demonstrations

against the selection of corrupt managers, resistance to the indignities of occupation.

The international workers' movement and labor federations and unions around the world must be at the forefront of the struggle to guarantee the observance and enforcement of all ILO standards and international conventions for the promotion and protection of labor rights in Iraq. U.S. Labor Against the War will enthusiastically support a campaign to secure for Iraqi workers the labor rights necessary for a decent and dignified existence and as the foundation for a truly democratic society. To that end, we offer here brief profiles of some of the U.S. corporations that have been awarded contracts to "rebuild" —or more aptly, to privatize—Iraq.

U.S. Labor Against the War is a coalition of hundreds of local, regional and national unions, central labor bodies and other labor organizations, representing millions of organized workers in the U.S. They defied our government and took a public stand in opposition to the war on Iraq. Despite our best efforts and those of millions of trade unionists around the globe, the war on Iraq is now an accomplished fact. We in the U.S. must confront and defeat the militarization of our foreign and domestic policies and the turn toward a permanent war economy. We welcome the opportunity to work with our brother and sister trade unionists around the globe to create a world of greater peace, justice and equality. Supporting our brothers and sisters in Iraq in their struggle for labor rights is surely a step in that direction.

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HALLIBURTON

(New York Stock Exchange: HAL)

Founded in 1919, Halliburton is the world's 2 nd largest provider of oil and gas pipeline services to the oil and gas industries. Its subsidiary, Kellogg Brown & Root, has a long history providing defense logistics support and construction services. The Company operates through the entire lifecycle of oil and gas reservoirs and provides and integrates products and services, starting with exploration and development, moving through production, operations, maintenance, conversion and refining, to infrastructure and abandonment. Halliburton employs 85,000 people in more than 100 countries working in two major operating groups: Halliburton's Energy Services Group, which offers a broad array of products and services ranging from the manufacturing of drill bits and other downhole and completion tools and pressure pumping services to subsea engineering. Kellogg, Brown & Root (KBR), the engineering and construction group, designs and builds liquefied natural gas plants, refining and processing plants, production facilities and pipelines, both onshore and offshore. KBR's non-energy business meets the engineering and construction needs of governments and civil infrastructure customers. KBR also provides operations and maintenance for a wide variety of facilities.

Labor Relations:

Halliburton and its subsidiaries are **predominantly non-union** in the U.S. Of roughly 530 locations, only ten sites have workers under union contract. USWA (Steelworkers) has four sites; IBT (Teamsters) has two sites; LIUNA (Laborers), IAM (Machinists) and UFCW (Food & Commercial Workers) each have one.

Contract(s) Awarded:

- A two-year contract to fight oil fires in Iraq awarded without competitive bidding and with a maximum value of $7 billion dollars—the contract was found to include pumping and distributing Iraqi oil. Congress has asked GAO to investigate possible favoritism. Halliburton also was one of a handful of companies secretly invited to bid on a US Agency for International Development (USAID) construction contract worth up to $680 million to rebuild Iraq.
- Since March 2002 the US Army has issued 24 task orders to KBR totaling $425 million under the contract for work related to Operation Iraqi Freedom. Eleven more work orders totaling $103 million have been issued under the same contract for work related to the war in Afghanistan.
- A ten-year exclusive contract to supply logistics to the Army worldwide. This contract was awarded without a price cap despite a $2 million settlement of a **criminal investigation** for **price fraud** and despite a Government Accounting Office (GAO) investigation into cost overruns by Halliburton for logistics in the Balkans. This contract has produced over $800 million in revenues so far.
- A contract with the World Health Organization (WHO) for disabling and destroying "unconventional" weapons in Iraq.
- A five-year $37 million contract for building permanent holding cells for detainees at Guantanamo Bay, Cuba—being built with labor from India and the Philippines.
- A five-year $300 million contract to provide logistical support to the Navy through the company's KBR subsidiary.
- A cost-reimbursable contract valued in excess of $100 million for construction of the new U.S. Embassy compound in Kabul, Afghanistan, as well as two contracts worth at least $70 million for security upgrades and general construction at multiple facilities through Brown & Root.

Connection to the Bush Administration:

Former Chief Executive Officer (CEO) **Dick Cheney** is the Vice President of the United States. **Lawrence Eagleburger**, former U.S. Secretary of

State under President George H.W. Bush, sits on the company's Board of Directors and was Secretary of State under George H.W. Bush and had various assistant positions to Henry Kissinger under Presidents Nixon, Carter, Reagan, and George H.W. Bush

Political Contributions:

From 1999-2002 Halliburton gave $709,320 in Total Contributions—95% of this money went to Republicans, and $17,677 went to George W. Bush.

Executive Compensation:

- In 2001, the current CEO David Lesar made over $10 million in salary, bonuses and stock options.
- When Dick Cheney left his position as Halliburton's CEO in 2000 to run for Vice President, he reportedly received company stock worth over $33 million. Vice President Dick Cheney resigned as CEO of Halliburton in 2000 and sold his stock under public pressure for $30 million. He exited with an early retirement package and remains eligible for up to $1 million a year in deferred compensation. Meanwhile employees of Halliburton's subsidiary Dresser-Rand saw their pensions reduced by $25 million after the acquisition.

Social Responsibility Record:

- **U.S. Rep. Henry Waxman (D-Calif):** *"I know that I would never give a no-bid contract to any company that ripped me off. I don't understand why this administration isn't sensitive to the appearance of impropriety when it is so well-known that the VP made his millions from Halliburton."*
- While Cheney was at the helm, Halliburton subsidiaries Dresser Rand and Ingersoll-Dresser sold $73 million worth of oil equipment and services to Iraq.
- President Bush includes Iran in his "axis of evil." President Clinton issued an executive order in 1995 banning U.S. trade and investment in Iran. Congress enacted the Iran-Libya Sanctions Act, which provides for sanctions against foreign companies participating in Iran's oil industry. Halliburton circumvented those restrictions by providing Iran with oil equipment through its foreign subsidiaries. Vice President Cheney, nonetheless, defended the company. Halliburton continues to do business in Iran even now through a Cayman Islands subsidiary.
- Despite sanctions against doing business in Libya, Halliburton, through its KBR subsidiary, has worked on a water project there (which may also have a military use) since the 1980s. After the U.S. embargo was put in place in 1986, the company transferred the work to its British office. It continues to perform work there today. In 1995, Halliburton was fined $3.8 million for re-exporting U.S. goods through a foreign subsidiary to Libya in violation of U.S. sanctions.
- Halliburton has admitted in a 2003 Securities filing that one of its foreign subsidiaries operating in Nigeria paid $2.4 million in bribes to a Nigerian government official in return for tax breaks related to operations in the country. It may yet have to pay as much as $5 million in additional taxes in Nigeria.
- Halliburton participated in the Yadana Pipeline in Burma (Myanmar), a project that used slave labor. Halliburton has also been instrumental in efforts to oppose sanctions on Burma, even though Burma's military dictatorship engages in some of the worst human rights abuses on the planet.
- In 1998 Halliburton purchased Dresser Industries (DII) and assumed the liability for 300,000 asbestos-related personal injury lawsuits filed against Dresser. Halliburton eventually agreed to pay $4 billion in cash and stock to settle the suits and laid-off more than 9,000 workers.
- The Securities and Exchange Commission is currently probing Halliburton's accounting practices (with discredited auditor Arthur Anderson) to determine whether their accounting improperly boosted revenue by $584 million over the past four years. The company said it has agreed to pay $6 million to settle 20 shareholder lawsuits that accused it of using deceptive accounting practices while Dick Cheney led the company.
- Halliburton regards its work 'fighting terrorism' as a "growth opportunity." While it profits from lucrative government contracts, it continues to do business in nations that the U.S. government has declared to be state sponsors of terrorism.
- "... Here's a company that now wants to benefit financially from the war on terrorism broadly speaking. Yet they seem to have been willing to profit from undermining it" through their past work in terrorist states, Rep. Henry Waxman said. "One of the unique features of the ... contract is that it has apparently allowed Halliburton to profit from virtually every phase of the conflict with Iraq, including the military buildup prior to the war, the conduct of the war and the restoration of Iraq after the war."

KELLOGG, BROWN & ROOT (KBR)

Halliburton purchased Houston construction giant Brown & Root in 1962, and Dresser Industries, an integrated services provider in the oil industry, in 1998. Dresser had acquired M.W. Kellogg, a petroleum technology company in 1988. From these companies came Kellogg, Brown, & Root (KBR), the Engineering and Construction Group of Halliburton. KBR works on everything from energy to prisons to stadiums and highways. In 2002, Halliburton underwent restructuring after filing for Chapter 11 bankruptcy, thereby protecting KBR from further claims on a $4 billion asbestos class-action liability suit.

Many of KBR's contracts come from the government, particularly the military. From building warships during World War II to constructing bases in Vietnam, Kuwait, Diego Garcia and the Balkans to building the prison camp at Guantanamo, Cuba for captured Taliban fighters to fortifying the U.S. embassy in Uzbekistan, KBR has profited handsomely from its government contracts.

Contract(s) Awarded:

- On March 25, the U.S. Army Corps of Engineers, using a no-bid contract, awarded KBR $71.3 million in work orders to repair and operate oil wells in Iraq. That contract has a two-year duration with a spending ceiling of $7 billion.
- As the Army's sole provider of troop support services, KBR received work orders totaling $529.4 million related to the wars in Afghanistan and Iraq under a 10-year contract with the potential profit for KBR worth up to $490 million. There are no cost-controls in the contract that also has no spending ceiling—it pays KBR a minimum of one percent and up to seven percent of whatever it spends. The company will be evaluated only twice annually. "The amount Halliburton could receive in the future is virtually limitless," said Rep. Henry Waxman (D-Calif.). "It is simply remarkable that a single company could earn so much money from the war in Iraq." Under similar contracts, the Army paid KBR $1.2 billion from 1992 through 1999 to support U.S. troops, mainly in the Balkans. An extension of that contract from 1999 through 2004 is projected to cost $1.8 billion.

Executive Compensation:

Robert R. (Randall) Harl, Age 52, President and CEO, Kellogg Brown & Root: $425,000 salary, $166,134 bonus.

Connection to Bush Administration:

Dick Cheney, former CEO of Halliburton and current Vice President of the U.S., still gets deferred compensation of $160,000 annually. **Lawrence Eagleburger**, on the Board of Directors at Halliburton, was Secretary of State under George H.W. Bush and had various assistant positions to Henry Kissinger under Presidents Nixon, Carter, Reagan, and George H.W. Bush.

Political Contributions:

(On behalf of Halliburton) $708,770 (95 percent to Republicans). $17,677 to George W Bush.

Social Responsibility Record:

- Halliburton has agreed to pay about $4 billion in cash and stock to settle more than 300,000 asbestos-related personal injury lawsuits filed against its DII and KBR subsidiaries. As result, Halliburton has reorganized Dresser and KBR under Chapter 11 bankruptcy protection and plans to dispose of its non-core assets.
- But Halliburton and KBR have reason to be optimistic that George W Bush will take a particular interest in the issue and pass legislation that will ease this litigious burden. Cheney and Halliburton have given heavily to congressional sponsors of asbestos legislation. According to the *Seattle Post-Intelligencer*, the company and its former chief executive gave a total of $157,500 in political donations to 49 co-sponsors of the asbestos bill in the House and to 14 co-sponsors of a similar measure in the Senate. A spokeswoman for Halliburton told reporters that the campaign contributions to asbestos-friendly candidates were "purely coincidental."
- "Despite its apparent connections with terrorist states," Rep. Waxman says, "Halliburton appears to be one of the main companies profiting from the war on terror." In May 2001, KBR was awarded a five-year $300 million contract to provide logistical support to the Navy. As of

August 2002, the Navy had reportedly given KBR $53 million in work orders over the past 15 months, including $37 million to build detention cells at Guantanamo Bay, Cuba, where terrorist suspects captured in Afghanistan are being held."

- Government auditors and other investigations have documented a history of Brown & Root overcharging the taxpayer. GAO has found serious problems with contract work that KBR did for the Army in the Balkans. In 1997, it found that the Army "was unable to ensure that the contractor adequately controlled costs." For example, KBR was charging the Army $86 to fly in $14 sheets of plywood from the United States.
- In 2000, GAO found more evidence that KBR was inflating the government's costs—and its profits—by, for example, overstaffing work crews and providing more goods and services than necessary. KBR was the subject of a criminal investigation for overbilling the government on another contract. The company paid $2 million to settle that case in 2002.
- In report dated October 16, 1998, a group of activists called Environmental Rights Action based in Harcourt, Nigeria which was protesting environmental destruction from a pipeline KBR was building there, implicated KBR/ Halliburton in violence that left one protestor dead and many wounded, saying that the company was in collaboration with the police.

BECHTEL GROUP INC.

Bechtel is a **privately owned** San Francisco-based engineering company that has been in the construction business for more than 100 years and has completed close to 20,000 projects in 140 countries. It is the number one construction contractor in the US, participating in such notable projects as the construction of Hoover Dam and the cleanup of the Chernobyl nuclear plant. Its subsidiary Bechtel Enterprises invests in infrastructure projects and arranges financing for its clients. The group is in its fourth generation of leadership by the Bechtel family, with chairman and CEO Riley Bechtel at the helm. The billionaire Bechtel family owns a controlling stake in the firm. Bechtel is the 17th largest defense contractor with total revenue (2002) of $11.6 billion ($1.03 billion in defense contracts). It has 40,000 employees.

Labor Relations:

Bechtel is **largely non-union**. The United Steelworkers of America (USWA) and International Brotherhood of Teamsters (IBT) appear to be the unions with the most significant bargaining relationships with Bechtel. Other unions that represent small units include: IBEW (electrical workers), HERE (hotel & restaurant workers), SMW (sheetmetal workers), IUOE (operating engineers), and UBC (carpenters).

Contract(s) Awarded:

USAID awarded Bechtel "the plum" of the postwar Iraq contracts, an initial award of $34.6 million, but provides for funding of up to $680 million over 18 months subject to Congress' approval. Bechtel's primary activities under the contract will include rebuilding power generation facilities, electrical grids, water and sewage systems, airport facilities; and dredging, repair and upgrading work at the port of Umm Qasr. If Bechtel also becomes involved in the distribution of water, Iraqis may expect Bechtel to seek to privatize water services. The contract guarantees Bechtel a fixed percentage of costs, generally eight to ten percent. It is seeking government insurance against claims for property damage, injuries or death in its work in Iraq.

Connection to Bush Administration:

- **George Shultz** was company president for eight years before becoming Reagan's Secretary of State, and now serves on the company's board of directors. He is currently chairman of the Committee for the Liberation of Iraq. Schultz sent (Secretary of Defense) **Donald Rumsfeld** to Iraq in 1983 as an envoy lobbying (unsuccessfully) for an Iraq-Jordan pipeline that Bechtel would build.
- CEO **Rily Bechtel** serves on the President's Export Council.
- USAID Administrator **Andrew Natsios**, who oversees the bidding process for postwar contracts, once headed the Boston-area Central Artery & Tunnel Project for which Bechtel was the primary contractor.
- General (ret.) **Jack Sheehan**, a senior vice president at Bechtel, is a member of the Defense Policy Board.
- **Daniel Chao**, another Bechtel senior vice president, serves on advisory board of the US Export-Import Bank.
- **Ross J. Connelly**, a 21-year veteran of Bechtel Group, is the chief operating officer for the Overseas Private Investment Corporation (OPIC).
- **Bechtel Alumni:**
  John McCone (Atomic Energy Commission and CIA)
  W. Kenneth Davis (AEC and Department of Energy)
  Caspar Weinberger (former Secretary of Defense)
  William Casey (former Director, CIA)

Political Contributions:

$1,297,465: 59% to Republicans; 41% to Democrats
Total to President Bush: $6,250.

Social Responsibility Record:

- Bechtel helped construct modern Iraq—and much of the Persian Gulf. The Middle East accounts for an estimated one-quarter of the firm's sales, and the firm worked in Iraq until Saddam Hussein's army invaded Kuwait in August 1990. Between 1983 and 1987, while the Iraqi govern-

ment was dropping 13,000 to 19,500 chemical bombs on Iran and its own people, Bechtel lobbied the Iraqi government to sign a contract for the Aqaba oil pipeline.

- Just four months after Hussein's government gassed the Kurds, Bechtel also consulted in the construction of a petrochemical plant for the Hussein regime using dual-use technology that many fear was used in the production of chemical weapons. In 1991, the plant was found by UN weapons inspectors to provide significant evidence that Iraq was pursuing a weapons of mass destruction program.
- In two Iraqi reports to the UN from 1996 to 2002, Bechtel was listed as one of two dozen U.S. corporations that supplied Iraq with one or more forms of banned weapons, military logistics and construction. Bechtel helped arm Iraq at a time when the U.S. government was militarily enforcing international sanctions against the Hussein regime.
- Boston Central Artery & Tunnel Project: Bechtel originally estimated the project would cost $2.5 billion; the cost has reached $14.6 billion and is still rising. The Massachusetts State Auditor has begun an intensive review of five major "Big Dig" contracts that together have had cost overruns of more than $500 million on this the largest ever highway construction project in the U.S. The state is attempting to recoup money lost to management and design errors that contributed to $1.6 billion in overruns.
- Water privatization: Bechtel is one of the top-ten water privatization firms in the world. After taking over the water system in Cochabamba, Bolivia in 2000, Bechtel's massive water rate hikes provoked widespread protests. After the contract was cancelled, it sued South America's poorest nation for $25 million for lost profits. Bechtel won a victory in February 2003, when a secretive trade court announced it would not allow the public or media to participate in or even witness the proceedings.
- San Francisco Water System Reconstruction: 4-year, $45 million contract to manage the reconstruction of the city's water system. According to senior level San Francisco Public Utilities Commission employees, Bechtel's waste includes: charging the city as much as $157/hour for staff; aggressive billing (or attempted billing) of the city for tens of thousands of dollars for personal expenses of Bechtel employees (such as laundry services, international travel and meals, donuts), much of which is unauthorized by the contract; and duplication of work already done by the city. In April 2002, the SF Public Utilities Commission ousted Bechtel from the contract.
- Is listed for 730 incidents of hazardous waste spills on the Environmental Protection Agency's (EPA) Emergency Response Notification System database for the period between 1990 and 1997. The spilled substances include crude oil, processed water, asbestos and ethylene glycol.
- Received about 40% of the U.S.' nuclear power plant construction contracts in the 30 years after WWII, and was responsible for botched plant construction all over the U.S. Amongst its notable failures, Bechtel installed California's San Onofre reactor backwards.
- Three Mile Isle Cleanup: avoided making necessary nuclear reactor repairs and improperly classified modifications in order to avoid safety controls; disregarded health and safety of the cleanup crew, who were sent to radioactive sections without adequate protective clothing or respirators, and were routinely given already contaminated clothing; equipment meant to detect radiation often malfunctioned. Bechtel was fined by the Nuclear Regulatory Commission (NRC) for these activities.

MCI WORLDCOM (MCI)

MCI WorldCom provides local, long-distance, international and Internet services for various businesses, telecommunications companies, government and consumer customers. In addition to being a leader in providing integrated voice, Internet and data communications services, MCI WorldCom is also the second largest long-distance carrier in the USA.

MCI WorldCom filed bankruptcy in July 2002, the largest in US history, after admitting to having fraudulently misstated $11 billion in earnings. The collapse of the company cost investors more than $175 billion in value. The Security and Exchange Commission (SEC) fraud case against MCI WorldCom was the biggest in the agency's history. In May 2003, MCI WorldCom reached a settlement in this case—a $500 million penalty, the largest ever imposed by the SEC, which will ultimately be given to investors. The commission said it had sought a settlement of $1.5 billion but accepted the $500 million in recognition that it was all the company could afford.

Despite its record of fraud and bankruptcy, MCI/WorldCom jumped to eighth among all federal technology contractors in 2002, with $772 million in sales. That refers only to deals in which MCI is the prime contractor to federal agencies. The company gets much more taxpayer money—exactly how much is not disclosed—as a state and federal government subcontractor.

Labor Relations:

- MCI has a poor record on workers rights dating back to 1986 when MCI closed down an operator center in Michigan and fired the workers after they voted for representation by Communications Workers of America (CWA). Over the years, the Company has aggressively opposed any attempt by its workers to organize a union.
- As a result of the bankruptcy filed in 2002, MCI WorldCom's 17,000 laid-off MCI employees received severance pay of only $5,000, but only after the AFL-CIO publicly pressured the company. Another 5,000 worker layoffs were recently announced.
- MCI's economic collapse completely wiped out the retirement savings of their workers. More than $2.6 billion dollars in public pension funds were lost in the MCI WorldCom bankruptcy. Separate criminal actions are pending in many states, and major retirement plans are suing for securities fraud.

Contract(s) Awarded:

- In May 2003, the U.S. General Services Administration (GSA) selected MCI WorldCom for the $30 million contract to build a wireless network in Iraq. The company is to build a small network with 19 cell towers that can serve 5,000 to 10,000 mobile phones used by reconstruction officials and aid workers in the Baghdad area. This contract was in lieu of the French manufacturer Alltel repairing (as they did after the 1991 Gulf War) the existing wireline system. Instead of re-establishing wireline telephone service, which was functioning before the bombing and which provided access to the internet, the decision was made to build a new mobile system which will not be compatible with the system of phone handsets used in Europe. Failing to repair the existing phone service and installing only a cellular system will deprive Iraq of the hardware and phone wires required to establish effective computer networks and to provide widespread Internet access.
- In 2002 MCI served as a subcontractor to provide long-distance connections for a wireless network in Afghanistan, however, WorldCom is not a commercial wireless carrier. According to a Sprint Corporation Wireless Division executive, MCI has no prior experience in constructing wireless networks. It once resold other wireless carriers' service in the United States but dropped that approach recently. The contract award to MCI WorldCom has come under considerable public criticism. U.S. Senator Susan Collins (Republican-Maine.), Chair of the Senate Governmental Affairs Committee, has announced that her committee will investigate the awarding of contracts to MCI WorldCom. Two other companies—Enron and Arthur Anderson—that have recently been found guilty of securities and accounting fraud, lost all U.S. government contracts.
- The contract in Iraq is part of a short-term communications plan costing the Defense Department about $45 million. (The Pentagon also

plans to have Motorola Corp. establish radio communications for security forces in Baghdad, a deal worth $10 million to $25 million, depending on the options exercised.)

Connection to Bush Administration:

Undetermined

Political Contributions:

(2002 Election cycle) WorldCom gave $511,616 in political campaign contributions. (Sixty-one percent of to Republicans).

Executive Compensation:

- MCI WorldCom's new Board is paying its new CEO Michael Capellas $50 million over the next 4 years.
- MCI WorldCom's former CEO Bernie Ebbers had received $1 billion in personal loans from the company. Internal reports show that Ebbers knew about the accounting fraud.

Social Responsibility Record:

- MCI WorldCom is structuring its bankruptcy reorganization so as to offset future earnings against $6.6 billion in net operating losses (a $2.5 billion tax break). MCI WorldCom will receive a $300 million refund from the Internal Revenue Service for taxes paid on the fraudulently overstated earnings.
- Competitors are outraged because MCI WorldCom acquired $15 billion in debt based upon fraudulent accounting, and the reorganization under the bankruptcy process would allow escape from responsibility for that act. The competitors are calling for liquidation of the company. They charge that MCI is receiving privileged treatment that amounts to a government bailout while other corporations such as Arthur Anderson (accountants) and Enron have been barred from receiving government contracts after their criminal misconduct was uncovered.
- Last year, Sprint and Global Crossing Ltd, another WorldCom rival, complained to the General Accounting Office about a $450 million contract awarded by the Defense Information Systems Agency to WorldCom for a computer network used by Pentagon scientists. The GAO, the investigative arm of Congress, said the Defense agency "relied on grossly inaccurate financial information in making a determination that WorldCom was a responsible contractor."
- The agreement to pay the $500 million penalty imposed by the SEC would represent an important departure from previous bankruptcy law. Structured under a new provision of federal law that allows the government to divert penalties destined for the Treasury to investors instead, it would permit shareholders to jump ahead of creditors and receive significant compensation. The company, along with its board, top executives and former investment bankers and analysts at Salomon Smith Barney, are defendants in a class-action suit brought by shareholders and bondholders. The claims of shareholders in bankruptcy are typically wiped out in favor of those filed by creditors.

STEVEDORING SERVICES OF AMERICA (SSA)

SSA is the largest stevedoring company in the U.S. and the fourth largest in the world. SSA is a family-owned and **privately held** company with $1 billion in annual revenues, and has been expanding rapidly since 1989. Jon Hemingway is President and Chief Executive of SSA. His grandfather founded the Company in 1949. SSA now operates in 150 locations in 13 countries. Most of the expansion has been in Latin American countries where labor unions have had diminishing influence.

Labor Relations:

Both in the U.S. and through its international operations, SSA has a **reputation for working to undermine union contracts**. It employs 10,000 people worldwide. For years, SSA has attempted to undermine the International Longshore & Warehouse Union (ILWU), which represents workers at the West Coast ports in the U.S. During a contract dispute in 2002, SSA was the main roadblock in negotiations between the ILWU and the Pacific Maritime Association —an association that represents the companies that control the West Coast port operations. While the majority of companies in the PMA wanted to settle with the ILWU, SSA did everything in its power to undermine reaching fair contract settlement. ILWU spokesman Steve Stallone told the San Francisco Chronicle, "It's ideological with these people [SSA]. They are ideologically anti-union and anti-ILWU."

Contract(s) Awarded:

- Though it has never worked in a war zone before, SSA was the first company to be awarded an USAID contract for rebuilding Iraq. The year-long contract is for $4.8 million to manage and repair Iraqi ports, including the country's major deep-water port in Umm Qasr.
- SSA has reported that more than 3,520 local workers will be phased into the port operations as managers, heavy equipment operators and maintenance workers. Under the contract, immediate repairs and improvements are being carried out at port operations reportedly to facilitate humanitarian aid shipments. SSA will also be responsible for longer-term rehabilitation at the ports that will allow full-scale operations on a commercial basis. SSA will oversee the port pilots who guide aid supply ships up the channel to the port and will control access to the supplies while they are loaded onto trucks for land transport. In addition, Stevedoring Services will track shipments as they move inland.
- SSA sees its contract in Iraq as an opportunity to establish itself in the region and to garner other contracts in the Middle East. On June 2, 2003, it was reported that U.S./British military administration at the Port of Umm Qasr, had transferred control of the port to SSA. John Walsh, an SSA spokesman stated the following regarding SSA's operations in Umm Qasr, "I am excited about humanitarian aid, but I am more excited about the commercial [opportunities] ... Commercial [business] will be paying the bills." According to Walsh, only humanitarian cargo is currently being shipped into the port. Walsh said $11.5 million will be needed for capital expenditure on repairs and equipment, and an additional $4 million will be needed for payroll, services, and office equipment.
- Under a separate but related USAID contract, Bechtel is rebuilding the port administration buildings, installing lighting, restoring utilities, repairing security fences and grain elevators and dredging the port so that larger, bulk grain vessels can offload near the grain elevators.

Connection to Bush Administration:

While there are no direct ties between SSA and the Bush Administration, the husband of U.S. Senator **Maria Cantwell** (WA-Democrat), is a former SSA executive. The company's lobbyist in Texas is **Reginald G. 'Reggie' Bashur**, who was once an aide to then-Governor **George W. Bush**.

Political Contributions:

(1999 to 2002) SSA political contributions totaled $24,825 (77 percent to Republicans) $1000 to George W. Bush's presidential campaign. SSA CEO Jon Hemingway personally gave three-quarters of his nearly $10,000 in personal political contributions over the past three years to Republicans.

Social Responsibility Record:

- On April 7 of this year, Oakland, CA police attacked 500 peaceful antiwar protesters who were picketing in front of the SSA and American President Lines (APL) gates at the Port of Oakland to protest the companies' involvement in Iraq. APL is the largest military shipper on the West Coast. Police fired rubber and wooden pellets, stun grenades and pepper spray to disperse the demonstrators. They injured numerous demonstrators and nine dock workers (two were hospitalized) who were standing by awaiting a decision by an arbitrator whether it was safe to work. The assault was perpetrated police to intimidate and discourage other protests after company officials, who were stationed at the police command post, had conferred with the police commanders. Among a number who were arrested was an ILWU business agent, who had been performing his duties representing the workers in their refusal to cross the picket lines. As a result of community outrage, the City of Oakland created a special panel to investigate the use of weapons by policy on unarmed peaceful demonstrators.
- SSA has also been at the center of controversy in Bangladesh where it has proposed to build a $500 million containerized terminal in the city of Chittagong. The project has faced intense opposition from local trade unions and their members, who fear that the new terminal would result in large job losses. Workers have staged hunger strikes, work stoppages and other actions to dramatize their cause.
- SSA sued the U.S. government to press its case. Last year, the U.S. Ambassador to Bangladesh, Mary Ann Peters, spoke out publicly in support of SSA, implying that the country would pay a price if the project did not go forward. In news reports, Peters said that future U.S. investments in Bangladesh might be threatened if the SSA project was not approved. In November, the High Court of Bangladesh ruled that the project was illegal because of inadequate feasibility studies, but the company could appeal that ruling to the country's supreme court.
- SSA has also been involved in labor and political conflicts in New Zealand and Panama.

ABT ASSOCIATES INC. (Abt)

Abt Associates is a **private, employee-owned** company that applies rigorous research and consulting techniques as well as technical assistance expertise to a wide range of issues in social and economic policy, international development, business research, consulting, and clinical trials and registries. Abt works on contracts to address a range of social issues in developing nations, including improving agricultural production, promoting AIDS treatment programs in Africa, and advancing childhood immunization in Asia. Abt has taken a primary role in restructuring healthcare delivery and financing in Kyrgyzstan and other Central Asian Republics.

Since it was founded in 1965, Abt has provided services to federal, state and local U.S. governments, foreign governments, international organizations, foundations, and business and industry. In the United States, Abt has contracts with the Environmental Protection Agency (EPA); is conducting the National Immunization Survey for the Centers for Disease Control; manages clinical trials for AIDS/HIV vaccines; and runs a homeland security division focused on bio-terrorism defense, including agricultural biosecurity and public health preparedness.

Abt gross revenues exceeded $184 million for the fiscal year ending March 31, 2002. About one-third of the company's revenues come from international activities.

Labor Relations:

Abt Associates is a **non-union** company.

Contract in Iraq:

USAID awarded Abt an initial $10 million contract which may be increased up to $43.8 million. Abt will be providing support for a reformed Iraqi Ministry of Health (MOH) at national, regional and local levels; delivering health services; providing medical equipment and supplies; training and recruiting health staff; providing health education and information; and determining the specific needs of the health sector and vulnerable populations such as women and children. Under the "Health System Strengthening Contract," the firm will coordinate the training and recruiting of health staff and will provide health education to the general public. Abt will work in cooperation with UNICEF, the World Health Organization and other international organizations already on the ground in Iraq.

Political Contributions:

$4,900 in contributions (100 percent to Democrats)
Total to George W. Bush campaign: $0

Connection to Bush Administration:

- **Janet Ballantyne**, the Company's group Vice President of its international development line of business recently left USAID, where she served for 26 years. During her career with USAID, she was chief of the Office of Health, Education, and Nutrition in Peru; deputy director in Nepal and Morocco; and mission director in Nicaragua and Russia. She represented USAID at the National Security Council and at the White House. While in Russia, she was a member of the US-Russia Bi-national Commission. From 1999 to 2001, she was professor of strategic studies at the National War College.
- **Charles Abt**, founder of Abt Associates, is a Republican who at one time ran (unsuccessfully) for Congress in Massachusetts. In 1994, Abt became director of the Defense Technology Conversion Center at Boston University. The Center was established to address the needs of scientists, managers, and other defense workers whose jobs are threatened by cutbacks in defense budgets.
- **Kerry Healy**, a former criminal justice policy consultant for Abt, served as chair of the Massachusetts Republican Party, and currently is the Lieutenant Governor of the State of Massachusetts.

Social Responsibility Record:

In 1999, the company agreed to pay the U.S. government $ 1.9 million in interest to settle claims it collected money from dozens of federal agencies to

pay subcontractors before actually paying them, a violation of federal rules. The Federal Acquisitions Regulations prohibits a government contractor from billing the government for subcontractor costs until it has paid them. Last year, Abt billed as many as 15 government agencies for costs that the company had not yet incurred, prosecutors said. An audit by the Defense Contract Audit Agency found that almost three-quarters of Abt's billings may have been filed prematurely last year, depriving the government of the use of those funds. Prosecutors said the EPA warned Abt several times about its conduct, but that the company failed to remedy the problem. As part of its settlement of the case, Abt admitted no wrongdoing.

BLACK & VEATCH HOLDING COMPANY (BV)

Founded in 1915 in Kansas City by engineers E. B. Black and Tom Veatch, BV is now privately held through an Employee Stock Ownership Program (employee-owned). It has more than 90 offices worldwide; its headquarters is in Overland Park (Kansas City), KS. In the United Kingdom, BV was previously (1890 to 1990) named Binnie and Partners; its name there now is Black & Veatch. A global firm, it is ranked 78th of the 500 largest private companies in the US, where it receives 78% of its $2.0 billion annual (2002) revenues.

From Argentina to Zimbabwe, BV provides the ABCs of construction, engineering, and consulting. Targeting infrastructure development for the energy, water, and information markets, the group engages in all phases of building projects, including design and engineering, financing and procurement, and construction. Among its services are environmental consulting, operations and maintenance, security design and consulting, and management consulting. During the 1980s, BV worked on a water project in Basra, Iraq. In January 2003, BV announced the creation of a separate group in its Energy Engineering and Construction Division to handle the growing demand for nuclear technology. BV expects a big source of new business to be aging nuclear plants with expiring federal licenses. It expects to double its nuclear-based design and construction revenue during about three years as power plant owners strive to meet federal licensing requirements. Internationally, the firm will seek design work on new plants. BV expects to leverage its recent experience designing the "nuclear island" for the Lungmen Nuclear Power Project in Taiwan, where the firm is also providing equipment and the information -management system.

Labor Relations:

Black & Veatch has a history of **anti-union activity** in the U.S. involving numerous unfair labor practices. The International Brotherhood of Teamsters, the only union representing BV employees, has contracts with BV in Kansas and Colorado.

Principal Subsidiaries:

Black & Veatch Corporation
Black & Veatch Construction, Inc.
Black & Veatch Consulting—Europe (formerly Binnie Black & Veatch)
Black & Veatch Contracting—Europe (formerly Paterson Candy Ltd.)
Black & Veatch Hong Kong Limited
Black & Veatch International Company
Black & Veatch Pritchard, Inc.
Black & Veatch Special Projects Corp.
Black & Veatch Telecommunications Division
BV Solutions Group, Inc.
Overland Contracting Inc.
PROWA Engineering GmbH

Contract(s) Awarded:

BV has been given a contract as part of the $900 million in contracts given by USAID for reconstruction in Iraq.

Connection to Bush Administration:

BV's Political Action Committee (PAC) gave $5,000 to George W. Bush's 2000 presidential campaign. During the 2000 election cycle, BV also contributed $7000 to John Ashcroft's senatorial campaign.

Political Contributions:

- During the 2000 election cycle, BV contributed: $6,000 to Democratic House candidates; $8,000 to Republican House candidates; $8,500 to Democratic Senate; and $10,000 to republican Senate candidates.
- The PAC contributed $5,000 to George W. Bush's 2000 election campaign; it made no contribution to any Democratic presidential candidate. It contributed $7000 to John Ashcroft's senatorial campaign.
- Leonard Rodman, CEO of BV, gave $1,500 to the PAC during the 2000 election cycle and $2,500 during the 2002 election cycle. He also contributed to both Senator Mel Carnahan's (D-MO) and presidential candidate Bill Bradley's (D-NJ) 2000 campaigns.
- During the 2002 election cycle, the BV-PAC contributed $33,500 to federal candidates.
- During the 2003 election cycle, BV-PAC gave $5,000 to Democratic House candidates and $11,000 to Republican House candidates; $4,500 to Democratic Senate candidates; $13,000 to Republican Senate candidates.

Social Responsibility Record:

- **Labor Rights:** BV was charged with Unfair Labor Practices on November 7, 2000 in Oregon. The charges were for interfering with, restraining, or coercing employees in exercise of their rights to join or assist a labor organization or refrain from doing so; and discrimination to encourage or discourage membership in any labor organization.
- In 1998 in Florida and Kansas, Black & Veatch was found to have failed to pay proper overtime to two employees resulting in $12,672 in fines. In 1999 in Georgia, BV was fined for failing to pay minimum wage to an employee.
- **Environment:** BV contracts with communities to fix environmental problems (like pollution from coal power plants). Two communities were not so happy with their work: the Escambia County Utilities Authority fired BV from its job upgrading its sewer plant because "the firm's design work (was) brought into question by the plant's hundreds of recent water quality violations and (an) environmental lawsuit filed by the state;" and the Wastewater Reclamation Authority of Des Moines Iowa, angry with BV for building a sludge storage facility too close to homes, forcing people to relocate.

CREATIVE ASSOCIATES INTERNATIONAL INC. (CAI)

Creative Associates International Inc. (CAI) is a **private** consulting firm based in Washington, D.C., that provides community development assistance to transitional regions. CAI specializes in institution building in post-war/post-economic crisis countries. The firm, which has annual revenues of $35 million, has completed more than 400 contracts since its inception in 1979. It employs 200 employees worldwide and 89 at its headquarters in Washington DC. In 2001, the firm managed $200 million in contracts, almost exclusively with USAID. CAI's contracts have included community-based "democracy-building" and basic education projects in Lebanon, Jordan, Morocco, and Afghanistan.

Labor Relations:

CAI is a **non-union** company.

Contract(s) Awarded:

- USAID awarded CAI a $1 million contract initially and up to $62.6 million over one year to address the "immediate educational needs" of Iraq's primary and secondary schools as part of the Revitalization of Iraqi Schools and Stabilization of Education (RISE) program. The goal is to begin the massive task of getting Iraq's estimated 4.2 million schoolchildren back into classrooms by October. Many Iraqi schools, closed at the beginning of the war, remain shuttered — or were destroyed. Looters took supplies and equipment, and soldiers dug up floors and walls in search of weapons.
- CAI will lead an alliance of partners on the RISE Project. The CAI team has responsibility for primary and secondary teacher training and for providing students with school supplies and developing testing methods to track student performance. The Iraqi schools contract is one of the largest in the 26-year-old firm's history.

Connection to Bush Administration:

Undetermined

Political Contributions:

$2,000 (all to Democrats)
Total to President Bush: $0

Social Responsibility Record:

- Creative Associates International, along with other for-profit firms, is also exploring how to make money advising the "corporate sector"— companies that need expertise on the ground. CAI has contracts with two well-known oil companies (not identified) and has acquisition offers pending from other unidentified corporations.
- While CAI's contract does not call for production of new textbooks, the rebuilding team certainly will be assessing instructional needs. After this assessment, contracts to publish new textbooks/curricula are anticipated by US publishing houses. At the very least it is anticipated that the U.S.-led interim Iraqi government will be involved in rewriting textbook content.

DYNCORP/COMPUTER SCIENCES CORP. (CSC)

Founded in 1946, DynCorp has long provided U.S. government agencies—particularly the Defense Department—with logistical and training support. DynCorp provides diversified management, technical, engineering and professional services primarily to U.S. Government customers throughout the United States and internationally. DynCorp's customers include various U.S., state and local government agencies, commercial clients and foreign governments. In 2001, DynCorp derived 96 percent of its $1.9 billion in revenues from contracts and subcontracts with the U.S. Government. In December, 2001, DynCorp employed over 22,200 full-time and over 1,100 part-time employees who work at more than 500 company and customer locations around the world. Approximately 3,100 employees were located outside of the United States. By last year Dyncorp, headquartered in Reston, Virginia, was the nation's 13th largest military contractor with $2.3 billion in revenue.

Computer Sciences Corp. (CSC) acquired DynCorp in March of this year for $950 million. CSC is one of the world leaders in the information technology ("I/T") services industry and reported revenues of more than $11 billion in 2002. CSC offers a broad array of professional services to clients in the global commercial and government markets and specializes in the application of advanced and complex I/T to achieve its customers' strategic objectives. Its service offerings include I/T and business process outsourcing, systems integration and consulting/professional services.

Labor Relations:

Of DynCorp's U.S. employees, approximately 5,000 were covered by various **collective bargaining agreements** with labor unions. Over 3,000 of these union workers are members of the International Association of Machinists.

Contract(s) in Iraq:

The U.S. State Department awarded DynCorp a multimillion-dollar contract on April 18 to advise the Iraqi government on setting up effective law enforcement, judicial and correctional agencies. DynCorp will arrange for up to 1,000 U.S. civilian law enforcement experts to travel to Iraq to help Iraqis "assess threats to public order" and to mentor personnel at the municipal, provincial and national levels. The company will also provide any logistical or technical support necessary for this peacekeeping project. DynCorp estimates it could recoup up to $50 million for the first year of the contract. DynCorp is actively recruiting former and current members of the New York City Police Department (NYPD). Some members the NYPD have been involved in the past in physically brutalizing, killing and otherwise violated the rights of African-Americans, immigrants and other people of color, resulting in highly publicized prosecutions and law suits.

Connections to Bush Administration:

Through contract work for the Defense Department and CIA for many years, DynCorp has established working relationships with major players in the Bush Administration. In addition, during the first Bush Administration, DynCorp Board Member General **Michael Carns** (Retired) served as chief administrative aide to Colin Powell on the joint chiefs staff and became vice chief of staff and the Pentagon's chief operating officer.

Political Contributions:

- (1999-2002) DynCorp contributed $226,865 (72 percent to Republicans) Total to President Bush: $7,500
- (1999-2002) CSC contributed $276,975 (74 percent to Republicans) Total to President Bush: $10,250

Social Responsibility Record:

- **Army-for-hire:** Under the Plan Colombia contract, the company has 88 aircraft and 307 employees—139 of them American—flying missions in Colombia where it is involved in drug interdiction, transport, reconnaissance, search and rescue missions, medical evacuation and aircraft maintenance, and crop fumigation and eradication, among other operations. The investigative organization CorpWatch reports that DynCorp's $600 million dollar contract

with U.S. State Department covers operations in Colombia, Bolivia and Peru. Soldier of Fortune magazine once ran a cover story on DynCorp, proclaiming it "Colombia's Coke-Bustin' Broncos." US Rep. Janice Schakowsky, an Illinois Democrat, has charged that DynCorp's employees have a history of behaving like cowboys." A former employee who is suing the company has charged that DynCorp routinely inflates its bills to the government.

- DynCorp's private army protects Afghan president Hamid Karzai, while its planes and pilots fly the defoliation missions over the coca crops in Colombia. Back home in the United States, Dyncorp is in charge of the border posts between the US and Mexico, many of the Pentagon's weapons-testing ranges and the entire Air Force One fleet of presidential planes and helicopters. The company also reviews security clearance applications of military and civilian personnel for the Navy.
- **Fraud:** The Project on Government Oversight reports that during the 1990's, DynCorp settled two court cases for a total of $1.85 million for failing to do required work for which it billed the government and for taking a part from a damaged aircraft to put into another aircraft without reporting it.
- **Environment:** On September 11, 2001, a lawsuit was filed against DynCorp in the United States District Court for the District of Columbia on behalf of citizens of Ecuador, alleging personal injury, property damage and wrongful death as a consequence of the spraying of narcotic crops along the Colombian border adjacent to Ecuador. Spraying operations are conducted under a DynCorp subsidiary contract with the US Department of State in cooperation with the Colombian government. No spraying operations are conducted in Ecuador, although the complaint alleges that sprayed material has drifted across the border into Ecuador. The State Department has publicly denies that the spray material is toxic to human beings.
- As part of the 1988 divestiture of a petrochemical engineering subsidiary, DynCorp undertook an obligation to install and operate a soil and water remediation system at the firm's subsidiary research facility site in New Jersey and also is required to pay the costs of continued operation of the remediation system. In addition, pursuant to the 1995 sale of its commercial aviation business, DynCorp is responsible for the costs of the clean up of environmental conditions at certain designated sites.
- DynCorp has been advised by the purchasers of two former subsidiaries of environmental claims by Dade County, Florida, arising out of the former subsidiaries' conduct of business at Miami International Airport. DynCorp's former subsidiary is one of an additional 200 companies that Dade County has identified as having possible responsibility for contamination at the airport. The lawsuit asks for up to $450 million in damages.
- **Prostitution:** DynCorp was recently involved in a scandal when some of its employees were allegedly involved in a prostitution ring in Bosnia. According to an Associated Press report, "The United Nations concedes that two dozen officers with the 2,000-member U.N. International Police Task Force, including eight Americans, have been fired for offenses ranging from bribery to sexual impropriety. But it insists most officers carry out their duties in exemplary fashion." DynCorp Technical Services held the State Department contract to recruit American law enforcement officers. It claims to have had a strict code of conduct, violated by only a small number of those recruited.
- **Drug Running:** In 2000, officers of Colombia's National Police force intercepted and opened a US-bound Federal Express package at Bogotá's El Dorado International Airport. The parcel "contained two (2) small bottles of a thick liquid" that "had the same consistency as motor oil" that tested positive for heroin. The package belonged to an unnamed employee of DynCorp, who was sending the parcel to the company's Andean operations headquarters at Patrick Air Force Base, Florida.
- A 2001 Associated Press report suggests that CSC, which provides cyber-security software to the U.S. military, may also be developing classified cyber-warfare capabilities. The company refused to comment.

Executive Compensation:

Van Honeycutt, Chairman and CEO of CSC: Raked in $11,924,338 in total compensation in 2002, including stock options granted by CSC. From previous years' stock options granted, he exercised his options on stock valued at $3,021,988. Honeycutt has another $29,113,099 in unexercised stock options from previous years.

FLUOR CORPORATION (Fluor)

Fluor is a publicly traded corporation that provides services on a global basis in the fields of engineering, procurement, construction, operations, maintenance and project management. Headquartered in Aliso Viejo, Calif., Fluor is a Fortune 500 company with over 50,000 employees in 25 countries on six continents, and revenues of $10 billion in fiscal year 2002. In 2002, Fluor reported earnings of $173 millions, a 33 percent increase over 2001. Fluor's various subsidiaries involve it in a wide range of industries including biotechnology, pharmaceuticals, chemicals and petrochemicals, microelectronics, mining and manufacturing, oil and gas production and processing, power generation, commercial and institutional equipment, government services, transportation and telecommunications.

Labor Relations:

Undetermined

Description of Contract:

On April 4, the U.S. Army Corps of Engineers awarded Fluor Intercontinental, a subsidiary of Fluor, and two other companies, Perini Corp and Washington Group International, three indefinite delivery/indefinite quantity contracts with a minimum guaranteed contract value of $500,000 and a maximum contract value of $100 million. The performance period is one year. The contracts allow the Army to call upon the contracted companies to rapidly execute design and construction services as needed anywhere in the US Central Command's area of operations to support military operations, other U.S. government agencies, or friendly foreign governments under established agreements. According to Engineering News Record, a trade publication, "sources in Iraq say the contracts likely will involve a broad range of fast-track infrastructure repair work throughout Iraq. This could include some responsibility for maintaining key Army supply routes where security conditions permit. A contracting officer may seek proposals from any or all of the awardees for individual 'task orders' or award urgent work more directly."

Connections to Bush Administration:

- **Philip Carroll**, Chairman and CEO of Fluor from April 1998 until February 2002, and formerly President and CEO of Shell Oil Company from 1993 until 1998, was appointed by the Defense Department as chairman of an advisory committee to oversee the production of Iraqi oil. Carroll receives more than $1 million a year from Fluor in retirement benefits and bonuses pegged to the company's performance. He also owns about 1 million of its shares, worth about $34 million.
- **Kenneth Oscar**, former deputy assistant secretary of procurement for the US Army under President Clinton, is Vice-President of Strategy for Fluor.
- Fluor's Board of Directors includes **Bobby R. Inman**, Admiral, U.S. Navy (retired) and former director of the National Security Agency and deputy director of the Central Intelligence Agency; and Dr. **Martha R. Seger**, a financial economist and former member of the Board of Governors of the Federal Reserve System.

Political Contributions:

(1999-2002) Contributions: $489,378 (57 percent to Republicans) Total to President Bush: $3,500

Social Responsibility Record:

- **Labor Rights (Domestic & International): In April 2003, lawyers representing a group of black South Africans sued Fluor for at least $1 billion as compensation for discrimination and abuse under apartheid. The suit was filed in a US federal court in California, where Fluor is headquartered. Allegedly Fluor and Sasol, a formerly state-owned South African corporation, paid black workers less than their white colleagues, acted violently to quell legal strikes and subjected the workers to "slave-like" working conditions. The lawyers alleged that during a strike in 1987, Fluor and Sasol managers used state police and their own security personnel to assault and set dogs on the striking workers. Some**

workers were killed in the conflict and all the employees were fired.

- In 2002, Fluor's Massey Energy subsidiary settled a civil case in the amount of $6.9 million for delinquent workers' compensation premiums from the late 1980s and early 1990s. In five other employment or labor-related cases involving a Fluor subsidiary, the company paid fines or settlements totaling more than $1.1 millions.
- **Environment:** In 1997, a chemical tank exploded in a deserted factory at the Hanford Nuclear Reservation outside Richland, Wash., the final storage location for more than two-thirds of US high-level nuclear waste. The explosion was the result of mismanagement by Hanford's lead contractor, Fluor Daniel, a wholly owned subsidiary of Fluor. An internal US Department of Energy (DOE) assessment of the near-disaster allegedly skewered Fluor for numerous safety and reporting violations, noting that the chemical tank had not been inspected for over six months. Before the internal review was released to the public, Fluor's lawyers were successful in allegedly editing out key findings relating to possible violations of federal law, risks to human health and the extent of off-site contamination.
- In 2001, Fluor subsidiary Massey Energy (Martin County Coal) was fined and charged cleanup costs in the amount of $41.5 million (as of October of 2001) for violating the Clean Water Act by allegedly allowing 250 million gallons of coal slurry to pollute rivers and streams in Kentucky and West Virginia. In two other environmental legal cases involving Fluor subsidiaries, the company paid out $373,500 for fines or to settle claims against it. Two other lawsuits are still pending.
- **Fraud:** In 2001, Fluor Daniel settled a case in the amount of $8.5 million for charging millions of dollars in commercial costs to the government for violation of the False Claims Act in contracts with the Department of Defense. In 1997, Fluor Fernald settled another case under the same Act for $8.4 million for seeking government reimbursement for an employee party. In 1994, Fluor FD Services paid $3.2 million to settle a claim that it submitted heavily padded repair bills for cleaning up Navy bases after Hurricane Hugo. A law suit is still pending against Fluor Daniel for allegedly artificially inflating its reported profits and the price of its common stock so that top executives could collect millions of dollars in bonus compensation.
- **Other Scandals:** In a 1997 US General Accounting Office report, a Fluor subsidiary that had a contract to clean up the US DOE's Fernald, Ohio federal nuclear site was criticized for a total of $65 million in estimated cost overruns and almost 6 years of schedule slippages for two projects. Also, some of the contractor's practices for maintaining performance and financial systems made it difficult for DOE and the contractor to exercise effective control and oversight of the contractor's costs and activities.

Executive Compensation:

See section above on **Connections to Bush Administration** for Philip Caroll's retirement benefits.

INTERNATIONAL RESOURCE GROUP (IRG)

International Resource Group is a **privately held** international professional services firm based in Washington, D.C., with 300 employees and annual revenue of about $40 million. Since 1978, the firm has been awarded more than 600 contracts in 120 countries, with more than half—327 worth a combined $420 million—from USAID. In 2001, IRG merged with Alternative Energy Development of Silver Spring, MD, giving it greater capabilities in the energy consulting area.

- Energy—worldwide experts in electric power, industrial energy, conventional fuels, renewable resources, and energy efficiency offer technical and financial analysis skills to address rapid energy sector growth and restructuring. IRG identifies and develops renewable and clean energy sources, designs energy efficiency and demand-side management improvements, aids in power sector restructuring and regulatory reform and restructuring—appears to have been involved in privatization efforts.
- Natural Resources Management—assistance to public and private institutions, helping them manage natural resources in ways that are environmentally sustainable, equitable, and financially viable. Expertise includes community-based resource management (land, forests, fisheries, and water systems), applied environmental economics and policy, and environmentally sound urban and industrial development and capacity-building.
- Relief and Reconstruction—including risk and vulnerability reduction and mitigation; refugee assistance and reintegration; civil society conflict prevention and transition; famine countermeasures, food aid, food security; training aimed at strengthening institutions, promoting rule of law, democracy and governance.

Labor Relations:

IRG is a **non-union** company. The Laborers International Union has filed several complaints against IRG regarding **violations of freedom of association**.

Contract(s) Awarded:

- Given an initial $7.18 million contract to assist USAID with contingency planning for the implementation of emergency relief and near term rehabilitation of a post-war Iraq. Contract provided without competitive bidding—USAID went to IRG as a sole-source based on Company's prior track record.
- Provides key personnel support to USAID's Asia Near East Bureau. IRG will assist USAID to restore basic services in Iraq. The initial contract will cover 90 days with the option to extend for two additional one-year periods. IRG will support USAID in the overall planning, monitoring, coordination, management, and reporting on reconstruction and rehabilitation activities across a variety of sectors including education, health, agriculture, civil society, and infrastructure. IRG has hired Crown Agents, a British firm, to perform site preparation for USAID's reconstruction headquarters in Baghdad.

Connection to Bush Administration:

Four of IRG's vice-presidents have all held senior posts with USAid, and 24 of the firm's 48 technical staff have worked for USAid.

- **David Joslyn**, Corporate Vice President and Managing Director, Environment and Natural Resources, formerly director of USAID's Food for Peace Program
- **Matthew S. Mendis**, Corporate Vice President and Managing Director, Energy and Environmental Management, formerly with the USAID; previously worked for the World Bank and serves in an advisory capacity with the World Bank, Asian Development Bank, UN Development Programme and other bilateral development agencies.
- **Doug Clark**, Vice President and Director of EPIQ, Environment and Natural Resources, currently serves as program coordinator for the $100-million USAID Environmental Policy IQC (EPIQ), has more than 30 years of experience in international economic development include 27 years with USAID.

- **Timothy R. Knight**, Vice President and Managing Director, Relief and Reconstruction, formerly served as assistant director of USAID's Office of U.S. Foreign Disaster Assistance, managing its $220- million program in former Yugoslavia.

Political Contributions:

Between 1999-2002: $3,800 (61 percent to Democrats) Total to George W. Bush: $0 CEO & President Asif M. Shaikh (2000-2002 Election Cycle): $2,000 (100% Democrats).

Investors:

In 1992, the world's largest forest products consulting company, Helsinki-based Jaako Poyry Oy, was reported to have bought a 20 per cent stake in International Resource Group.

Social Responsibility Record:

Undetermined

LOUIS BERGER GROUP (LBG)

LBG is a global engineering firm founded in 1953 by the late Dr. Louis Berger. The company provides civil, structural, mechanical, electrical, and environmental engineering services. LBG has a long history of working on international contracts—many linked to USAID. In 1959, the company's first international project, the Rangoon to Mandalay Road, was built through a war-zone area in Burma. Over the years, LBG has worked on major projects in Nigeria, Thailand, Norway, Sweden, China, Haiti, Argentina, Uruguay, and the Philippines. In the early 1980's, LBG participated in the design/construction team that won a Department of Defense citation for the construction of the Ovda Airbase in Israel, which was built following the Camp David Peace Agreement between Israel and Egypt. LBG currently has offices in over 60 other countries, including England, France, India, Japan, Peru, the Philippines, Romania, Thailand and Turkey.

- After the U.S. military campaign in Afghanistan, LBG was hired to destroy that country's old currency and replace it with new bills called Afghanis. About 2,000 local people were hired to handle the job.
- The company also landed a $300 million contract to rebuild highways linking Kabul, Kandahar and Herat in Afghanistan. On April 3, 2003, the Afghan newspaper Payam-e Mojahed, criticized the conduct of LBG with regard to its involvement in rebuilding the main road from Kabul to Kandahar. The paper said the company is proceeding with the project without coordinating with the Afghan government or donor countries and is making its own conditions on the appointment of sub-contractors.

Labor Relations:

LBG is a **non-union** company.

Contract(s) Awarded:

LBG was one of the finalists for the $680 million construction and engineering contract that was awarded to Bechtel. A subsidiary of LBG, Berger/ABAM, was awarded a $4.8 million federal contract to help clear the harbor at Umm Qasr. LBG expects to receive additional contracts in Iraq whether they are directly with USAID or through subcontracting deals with other major companies such as Bechtel.

Connection to Bush Administration:

Undetermined

Political Contributions:

(1999-2002) Louis Berger Group Inc. made $89,000 in political contributions (56 percent to Republicans, 44 percent to Democrats). $1,000 to the George W. Bush presidential campaign.

Social Responsibility Record:

Undetermined

MENLO WORLDWIDE FORWARDING (MWF)

In December 2001, CNF (NYSE: CNF) formed Menlo Worldwide Forwarding. At that time, Emery joined CNF sister companies Menlo Worldwide Logistics, Vector SCM and Menlo Worldwide Technologies under the new Menlo Worldwide brand umbrella. Since the formation of Menlo Worldwide, Emery Expedite! has changed its name to Menlo Worldwide Expedite! and Emery Customs Brokers has changed its name to Menlo Worldwide Trade Services. MWF, based in Redwood City, Calif., is a $2.9 billion company with 12,000 employees. It has over 500 service and agent locations in North America and around the world with service to 226 countries. MWF offers international air and ocean forwarding, North American overnight, expedited, second-day and deferred air freight, customs brokerage and project management services.

MWF's Global Project Management group has managed projects for mining, oil, gas, power generation, government and military, construction, food, healthcare and high-tech organizations in Argentina, Aruba, China, Korea, Singapore, Trinidad & Tobago, the Philippines, Peru, Puerto Rico and Uzbekistan. Menlo Worldwide has extensive government and military logistics experience with all branches of the Department of Defense, including the U.S. Army and the Defense Logistics Agency, and the Air Mobility Command. MWF began shipping directly into the Middle East for the Army & Air Force Exchange (AAFES) in October 2001 with shipments to Oman, Bahrain, the United Arab Emirates and Qatar, and has been responsible for the worldwide airfreight forwarding of AAFES materials for the past eight years. MWF just finished moving AAFES shipments in support of Operation Iraqi Freedom to Oman, Bahrain, Qatar, UAE, Kuwait, Afghanistan, Kyrgyzstan, Uzbekistan, Pakistan, Jordan, Turkey and Djibouti, Africa.

MWF is following its work with Operation Iraqi Freedom by helping to support rebuilding efforts in Iraq through its Global Project Management and Government Services groups. Their experience covers work with major construction, engineering, drilling, oil and gas, and food companies throughout the Middle East, including Saudi Arabia, Kazakhstan, Kuwait, Kyrgystan and other locations. In addition to its regular forwarding services, Menlo Worldwide Forwarding has recently handled numerous direct charter flights into Kuwait, as well as flights into Bahrain with subsequent trucking of materials into Kuwait. MWF has also been provided with "approved vendor" status from the U.S. Agency for International Development (USAID) and the United Nations. Menlo Worldwide Forwarding has a strategic task force focused specifically on Iraq, and is among the first transportation and logistics services providers with operations in place in Umm Qasr, Basra and Baghdad. The team integrates key disciplines of logistics management, including customs, transportation, warehousing, information services, accounting, product purchasing, inventory management and order processing.

Labor Relations:

Menlo is an **anti-union** employer. There have been many instances where the company has violated workers' rights of freedom of association. The International Brotherhood of Teamsters has several collective bargaining agreements with Menlo and/or other subsidiaries of CNF.

Contract(s) Awarded:

- Terms of the company's contract in Iraq are undetermined. The company assigned a management team with more than 400 years of collective international logistics, transportation, operations and governmental experience to support the transportation and logistics needs of reconstructing and providing humanitarian relief for Iraq.
- WMF has developed a flexible deployment plan of personnel prepared to operate from multiple locations within Iraq and the region to support end-to-end accountability of the transportation and logistics work it is assigned to support the Reconstruction and Humanitarian Relief of Iraq.

Connection to Bush Administration:

Undetermined

Political Contributions:

Undetermined

Social Responsibility Record:

Undetermined

PARSONS CORPORATION

Parsons is a **privately held** firm that is engaged in planning, construction and engineering, with a strong background in highways and airports. Their projects include "Homeland Security," bridges and tunnels, roads and highways, water and infrastructure, rail and transit, urban planning, aviation, commercial and industrial sectors. The company operates in 38 countries and is owned by its roughly 9,100 employees. In 2002, its revenues exceeded $2.4 billion.

Labor Relations:

In the US, Parsons is a **non-union** employer.

Contract(s) Awarded:

- Submitted a bid for a $600 million contract that provides the contractor will reopen half of Iraq's "economically important roads and bridges," repair 15% of the high-voltage electricity grid, provide half of the population with access to "basic health services," renovate several thousand schools as well as up to 8,000 dwellings. [This contract was ultimately awarded to Bechtel.]
- Works closely with Halliburton, and is likely to perform subcontractor work for KBR. The bid submitted above was a joint-effort with KBR.
- Built the Saudi City of Yanbu in the Arabian Desert. Yanbu is a military city that will have a population of 200,000. Parsons is also firmly entrenched in Kuwait.
- Performed extensive postwar reconstruction work in Bosnia and Kosovo. (Parsons then-Chief Executive Leonard Pieroni was killed in an airplane crash along with US Secretary of Commerce Ronald Brown in 1996 during a scouting trip to Bosnia).

Connection to the Bush Administration:

Until 2001 its Board of Directors included current United States Secretary of Labor **Elaine Chao**. Elaine Chao's husband is **Mitch McConnell**, the assistant U.S. House of Representatives Majority leader and the chairman of the Foreign Operations Appropriations Subcommittee, a key foreign policy position. McConnell has links to defense contractor Northrop Grumman, and has received donations from Halliburton and arms firm Lockheed-Martin. Also sitting on Parsons' board of Directors is Admiral **RJ Zlaptoper**, a former Commander-In-Chief for the U.S. Pacific Fleet. **James NcNulty**, Parsons' Chairman and CEO, had a 24-year Army career before coming to Parsons in 1998.

Political Contributions:

$249,401 contributed between 1999-2002. 61% of this went to Republicans (roughly $152,000), with $2000 given specifically to George W. Bush.

Social Responsibility Record:

- Parsons is a Vice-Chair of the Gulf Cooperation Council's Corporate Cooperation Committee, comprised of Saudi Arabia, Bahrain, Qatar, Oman, Kuwait and the United Arab Emirates. The Corporate Cooperation Committee seeks to "inform American leaders and the public about the shared interests and common concerns" of the U.S. and the six members of the Council.
- In 1997 Parsons was one of the corporate sponsors of a major conference seeking to attract American business investment and trade in Southeast Asian countries such as Myanmar, whose regimes engage in human rights abuses.
- Parsons was at the center of a New Jersey investigation involving a seven-year contract to operate the state's vehicle-inspection program. Frozen equipment and cost-overruns added $200 million to the $400 million contract. Parsons had been a generous donor to then-Governor Christine Whitman (Republican), the recently-resigned Head of the US Environmental Protection Agency under the G.W. Bush administration, and was the sole bidder on the contract. At the time, Parsons Board of Directors member Jack Kheuler also sat on the Board of Directors of a company called Mail.com with Governor Whitman's husband.

PERINI CORPORATION

(American Stock Exchange: PCR)

Based in Massachusetts, Perini Corp. provides general contracting, construction management and design-build services to private clients and public agencies worldwide. Perini's infrastructure services include highway, street, tunnel, bridge, water, sewer and utility line construction. The Perini Management Services Division operates in over 70 countries. Perini Corporation reports revenues in excess of $1 billion.

Labor Relations:

In the U.S., fewer than one-quarter of Perini sites use union workers. Perini does have some union contracts with the Carpenters, Operating Engineers, Teamsters, Plasterers, and Bricklayers unions.

Contract(s) Awarded:

- $100 million construction contract in Iraq awarded by the US Army Corps of Engineers
- Won a separate $25 million contract awarded by the U.S. Army Corps of Engineers to construct barracks and other facilities for the Afghan army.

Connection to the Bush Administration:

Perini's major stockholders have connections to the **Carlyle Group** the private Washington, DC-based global investment firm. Former President **George H.W. Bush**, former Secretary of State **James Baker**, and many other former world leaders including ex-British Prime Minister **John Major** sit on Carlyle's Boards of Directors and Advisors. Much of Perini's common stock is controlled by **Richard Blum**, a multi-millionaire investor married to U.S. Senator **Dianne Feinstein** (Dem.-CA) Blum is also a director of URS Corp, which acquired EG&G from the Carlyle Group.

Political Contributions:

Thousands of dollars (exact amount undetermined) were donated to the Bush campaign and Republicans by Perini CEO Ronald Tutor and the Chairman of the company David Perini between 2000-2002.

Executive Compensation:

Between 2000 -2002, Ronald Tutor, CEO received $1.2 million in compensation and exercised $1 million in stock options.

Social Responsibility Record:

- Has a reputation for fraud: In San Francisco, CA the City Attorney is suing the company for over-billing, while a Los Angeles, CA transit agency claims that the company used bogus minority subcontractors to land millions of dollars worth of construction contracts on the San Francisco subway. Perini also has a reputation for seeking millions of extra dollars on state and municipal projects and waging expensive court battles if they are not paid.
- Sued by shareholders of preferred stock who have alleged that they are owed millions of dollars in dividends.

RESEARCH TRIANGLE INSTITUTE (RTI)

Research Triangle Institute is a **private non-profit** organization based in Research Triangle Park, North Carolina. For more than 20 years, RTI has frequently been a contractor with USAID for work in "transitional regions." RTI has completed governance work in South Africa, Indonesia and El Salvador, and most recently won a $60 million USAID contract for educational development in Pakistan.

Labor Relations:

RTI is a **non-union** company.

Contract(s) Awarded:

- On April 11, 2003, was awarded a $7.9 million contract by USAID to promote Iraqi civic participation in the reconstruction process. RTI will provide technical assistance and training programs for local administrators to develop management skills as they relate to municipal services. RTI will also have the authority to grant contracts to Iraqi and foreign non -governmental organizations that will help train administrators and civilians in communication, conflict resolution, leadership and political analysis. Increasing political participation of "at-risk" groups—including those that represent the interests of women, minorities and youth in Iraq—will be a top priority for RTI.
- Will receive $167.9 million for its first year in Iraq, but could get millions more if USAID exercises its right to extend the contract an additional two years. RTI will be expected to assist in creating 180 local and provincial governments in Iraq. One of RTI's immediate tasks is to help identify "appropriate, legitimate" Iraqis to assume key government posts in villages and towns to help restore water, sewage and electricity in Iraq.
- Will help form educational policy within the Iraqi Ministry of Education as a subcontractor to Creative Associates, a Washington firm that received a $62 million contract to help rebuild Iraq's educational system. RTI's role, for an undisclosed amount, will be to help form educational policy within the Iraqi Ministry of Education.

Connection to Bush Administration:

Undetermined

Political Contributions:

Undetermined

Social Responsibility Record:

Undetermined

SKYLINK AIR AND LOGISTIC SUPPORT USA INC.

SkyLink USA is a subsidiary of the Skylink Group of Companies, a **privately held** Canadian corporation. SkyLink is a contractor that provides services to international agencies and governments that require highly sensitive operations. For 12 years, SkyLink has had experience supporting the United Nations and government-sponsored programs with management and logistics on peacekeeping missions, humanitarian support, non-combatant evacuations, emergency relief, and airport rebuilding. SkyLink (USA) has provided expertise in project management for numerous operations in remote areas which have been plagued by natural disaster and/or war-related circumstances. SkyLink teams coordinate with sponsor governments and other stakeholders to deliver services.

- SkyLink maintains worldwide capability in performing airdrop maneuvers or air delivery of vast tonnages of oversized or palletized cargo (food and aid). SkyLink is able to manage 8,000-15,000 passengers in a single operation. SkyLink has administered sensitive programs in many post-conflict countries for the United States Government and the United Nations, including support for six U.S. Government Departments, and the three major uniformed services.
- The Canadian parent company started as a travel agency 20 years ago. The company has grown to include several operating companies and joint ventures including a network of worldwide travel agents, a brokerage and consultancy business that provides aircraft for international charter flights, and SkyLink owns master franchise rights in Canada for Dollar Rent A Car and the Global Travel Network.
- The Canadian parent also operates SkyLink Security Systems, a subsidiary that provides state-of-the- art airport building security technologies. SkyLink Security Systems provides computerized security controls and face recognition biometric technologies.
- SkyLink has a history of contracting for high-risk missions in war zones. SkyLink's pilots flew the first food drop into Kosovo days before NATO ceased its bombing runs in 1999. It was also the first western airline allowed to deliver food aid to North Korea. SkyLink's aircraft have come under fire from Serbs in the former Yugoslavia, the Khmer Rouge in Cambodia and UNITA rebels in Angola.

SkyLink Group Executives:

- **Surjit Babra, Chairman & President:** Babra is an immigrant born in India and lived in the UK prior to moving to Canada. Babra started the business as "two room air travel wholesale business." In 1980, Babra became partners with Walter Arbib and soon after, they obtained their first contract with the UN providing transportation for troop rotations to Namibia to keep the peace and oversee the country's first free election.
- **Walter Arbib, CEO:** Arbib has specialized in creating business opportunities by providing transportation services to political hotspots, areas in need of humanitarian aid, and war zones. While living in Israel, Arbib was the first to arrange for tourist transportation from Israel to Egypt following the Camp David Peace Agreement.
- **Ken Taylor, Member of Board of Directors:** Taylor is former Canadian Ambassador to Iran and former Canadian Consul in New York. He is the recipient of the United States Congressional Gold Medal and is an Officer of the Order of Canada. Taylor is Chairman of Global Public Affairs Inc. and is currently Chancellor of Victoria University of Toronto.
- **Ralph E. Lean, Member of Board of Directors:** Lean is currently a partner in the Toronto law firm of Cassels, Brock & Blackwell. He has served as political campaign chairman or senior advisor to various candidates for Federal, Provincial and Municipal election campaigns since 1980. He has also served as a director on numerous boards including the Ontario Teachers Pension Plan, World Film Festival of Toronto Inc., and Sirit Technologies Inc.

- **Harjit Kalsi, Member of Board of Directors:** No other information available.
- **G. Robert Fraser, Member of Board of Directors:** No other information available.

Labor Relations:

Both U.S. and Canadian operations are **non-union.**

Contract Awarded:

USAID awarded SkyLink Air and Logistic Support (USA) Inc. a $10.2 million contract to manage three commercial airports in Baghdad, Basra and Mosul. SkyLink will provide and oversee an international staff in its efforts to assess airport damage and get operations up and running. Ultimately, the company will turn over airport management to Iraqi staff. The re-opening and effective management of the airports is considered a critical link in the US government's humanitarian and reconstruction assistance to the people of Iraq, according to USAID. SkyLink will also develop plans to ensure smooth airfreight and passenger service and prioritize improvements necessary to insure that the airports operate in accordance with International Civil Aviation Organization standards.

Connection to Bush Administration:

Undetermined

Political Contributions:

(1999 to 2002) $3,900 (74 percent to Republicans)

Social Responsibility Record:

- **Suspended UN Contracts:** For five years, the UN suspended SkyLink as a contractor. The UN charged the Company with a litany of malpractices ranging from rigging contracts to safety violations. According to the Toronto Star, the UN took action against SkyLink in response to complaints from a U.S. competitor, Evergreen Helicopters, Inc. Evergreen charged that the UN contracts with SkyLink were marked by "secrecy and irregularities" and that through a secret process SkyLink obtained a "virtual monopoly on UN procurement." The UN investigation led to the suspension of eight UN employees, including two Canadians, in a department responsible for awarding the SkyLink contracts. SkyLink battled with the UN over the suspension and eventually an arbitration panel dismissed the charges against it. The settlement that SkyLink reached with the UN included a payment to the UN of $6.9 million.
- **Incorporation Lapses in US:** When SkyLink USA was awarded the USAID contract, the Washington Post reported that the Company had allowed its U.S. incorporation to lapse until just before the contract was awarded. According to the D.C. Consumer Affairs Office, SkyLink USA has not yet applied for a master business license, which it is required to have by July 31, 2003. Officials at SkyLink referred telephone calls to Washington public relations firm Murphy Frazer & Selfridge, which represents the company. Laura Vallis, an associate at Murphy Frazer, said the lapsed corporate status was an "administrative problem." Vallis also told the Washington Post that the D.C.-based SkyLink is "affiliated" with the Toronto firm and the two have partnered in the past. But Vallis said the D.C. firm is financially and operationally independent from the Toronto company and the two will not work together on the Iraq contract.

WASHINGTON GROUP INTERNATIONAL (WGI)

WGI is a leading international engineering, construction and environmental firm. With more than 30,000 employees at work in over 40 states and more than 30 countries, the company offers a full life-cycle of services as a preferred provider of engineering, construction, operations, maintenance, program management and development services in 14 major markets. WGI is one of the largest construction and engineering firms in the U.S. Its design and construction contracts include bridges, highways, manufacturing plants, mining, nuclear and power facilities, pipelines, and railroads. It also operates mines and provides environmental management and facilities and operations management.

WGI is best know for its 1996 purchase of Morrison Knudsen, the engineering and construction company that built the Hoover Dam and Golden Gate Bridge. In 2000, WGI doubled its size when it purchased Raytheon's engineering and construction unit. However, the Raytheon acquisition resulted in financial difficulties that led the company to slide into bankruptcy. WGI emerged from bankruptcy in early 2002. WGI receives about 16 percent of its $ 3.7 billion annual business from the U.S. government. Much of the company's defense contract work is for destroying weapons of mass destruction in the United States. Washington Group destroys chemical weapons stockpiles—including corroding bombs at Anniston Army Depot in Alabama — and is also involved in the cleanup of certain nuclear weapons plants, including the one at Hanford in the state of Washington.

Labor Relations:

A number of unions have contracts with WGI—International Association of Machinists, International Union of Operating Engineers, and International Brotherhood of Electrical Workers represent the largest units. WGI has had **significant health and safety problems** at some of its facilities. Since 1994, U.S. regulatory agencies have fined the company approximately $70,000 for these safety violations.

Contract in Iraq:

- The U.S. Army Corps of Engineers awarded WGI an initial contract of $500,000 that could rise to $100 million. The WGI contract was part of a package deal that the Army Corps of Engineers also offered to Fluor and Perini Corp. As with WGI, Fluor and Perini are guaranteed $500,000 in business with the possibility of increasing to $100 million.
- The WGI contract does not identify any specific work or location, but in general terms the company was told it could be involved in "design-build activities, construction (new work, renovation or repair), and short-term operations and maintenance." The contract is not necessarily limited to work in Iraq—it may include work done in Afghanistan and other countries in the U.S. Central Command (CENTCOM) areas of operations. The contracts give U.S. Central Command the authority to call upon the three companies to rapidly execute design and construction services either to support military operations, other U.S. government agencies, or friendly foreign governments.

Political Campaign Contributions:

(1999 to 2002) made $756,221 in contributions. (42 percent went to Democrats; 57 percent to Republicans) Contributed $500 to George W. Bush's presidential campaign.

Connection to Bush Administration:

Undetermined

Social Responsibility Record:

In 2002, the Inspector General for USAID requested documentation and made inquiries into the contractual relationships between one of WGI's U.S. joint ventures and a local construction company in Egypt. The focus of the inquiry is whether the structure of the business relationship with the Egyptian company violated USAID contract regulations. WGI is responding to these inquiries and cooperating with the investigation.

Executive Compensation:

For a company just coming out of bankruptcy, WGI has given its executives generous bonuses. President and CEO Steve Hanks received a bonus of more than $1.4 million in 2002. This amount is more than four times greater than the $300,000 bonus he got in 2001. All together five current executives and one former executive received more than $5 million in bonuses in 2002 compared to just more than $1.2 million in 2001. According to the 2002 proxy statement, another round of large bonuses is scheduled in 2003.

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